

Revised Finding #6 (v.2)

(a) Findings: The government has implemented a number of different approaches to acquiring commercial items and services. Each approach has distinct strengths and weaknesses. The extent to which each of these approaches achieves competition, openness, and transparency varies. Competition for government contracts differs in significant respects from commercial practice, even where the government has attempted to adopt commercial approaches.

(b) Findings: The panel received evidence from witnesses and through reports by inspectors general and the GAO concerning improper use of task and delivery order contracts, multiple award IDIQ contracts, and other government-wide contracts, including federal supply schedule contracts, including improper use of these vehicles by some assisting entities. Nonetheless, the panel strongly believes that when properly used these contract vehicles serve an important function and that the government derives considerable benefits from using them. According, the Panel has made specific recommendations in Sections [] in an effort balance corrections to the identified problems while preserving important benefits of such contract vehicles.

(c) Findings: The evidence received by the Panel regarding federal supply schedule and multiple award contracts included the following.

Multiple Award Contracts Generally

- Solicitations for task and delivery order contracts often include an extremely broad scope of work that fails to produce meaningful competition.
- Orders placed under task and delivery order contracts frequently indicate insufficient attention to requirements development.
- The ordering process under task and delivery order contracts, in some instances, occurs without rigorous acquisition planning, adequate source selection, and meaningful competition.
- Agencies frequently make significant purchases of complex services using task and delivery orders.

- Although task and delivery order contracts are supposed to be streamlined buying mechanisms, agencies use best value type competitions when placing large orders – but without any standards for such competitions.

Federal Supply Schedule Contracts

- The unit price structure commonly used on Federal Supply Contracts is not a particularly useful indicator of the true price when acquiring complex professional services.
- Federal Supply Schedules are often used for large services procurements but, in some instances, without rigorous acquisition planning, adequate source selection, and meaningful competition.
- Competition based on well-defined requirements is the most effective method of establishing fair and reasonable prices for services using the Federal Supply Schedule.

Add to Discussion Section. (See handout from 7/21 meeting for summary discussion)

Competition for government contracts differs in significant respects from commercial practice, even where government has attempted to adopt commercial approaches. Finding #6 above highlighted the difference in the fiscal environment. Other reasons for this include the government's need to accomplish mission objectives, policies and statutory requirements requiring transparency and fairness in expenditure of taxpayer funds, use of the procurement system to accomplish various government social and economic objectives, and the audit and oversight process designed to protect from fraud, waste and abuse. The Working Group found that government practices vary from providing very structured processes on the one hand, to ill defined requirements and minimal, if any head-to-head competition on the other.